

PRESS RELEASE

Crypto currencies increasingly volatile and exposed to cyber risk

As of September 2023 value more than halved compared to end of 2021

**Esg risk management by Euro zone firms improves in data from CONSOB's
second report on sustainable investment and crypto assets**

The high volatility of crypto currencies is increasingly characterized as a structural fact of this type of asset, whose market value, as of September 2023, was more than 50 percent lower than at the end of 2021. It also remains highly vulnerable to cyber attacks, with about \$3.8 billion stolen globally in hacker attacks in 2022, up from \$3.3 billion in the previous year.

These are some of the most significant figures from [Consob's annual report 'Major Trends in Sustainable Investment and Crypto currency'](#), now in its second edition. The same survey also confirms the trend of Euro zone firms becoming more capable in managing their exposure to Esg risks.

Crypto activities

As of September 2023, the annualized return of *Bitcoin* (which together with *ether* accounts for more than 60 percent of the market value of crypto currencies) was only slightly higher than those of other non-digital *asset* classes, against a far greater risk-taking due to extreme price volatility. The same volatility is also found in inactive crypto currencies, that is, those that have not been transacted in the past year, at values close to 60 percent and 70 percent for *Bitcoin* and *ether*, respectively.

There remains, then, the critical issue posed by cyber security: only a clear minority of crypto currency exchange platforms (14 out of 188) can be considered 'very secure'. Compared to 2022, the share of platforms with poor cyber security ratings also increases.

Sustainable investments

The *Sustainalytics Esg Risk Score*, an index that helps investors identify Esg risks, records a trend toward an increase in the ability of Euro area companies to manage Esg risks, i.e., related to environmental, social, and corporate governance aspects. At the sector level, exposure to Esg risks is on average higher for utilities and energy producers than for manufacturing or services companies.

In Italy, *Esg Risk Scores* are aligned with values found in Euro zone countries, although financial firms' exposure to Esg risks is higher on average than non-financial companies.

The 2023 Report includes a *focus* on listed companies in Italy, aimed at examining whether the *Esg risk score* and the *Esg Refinitiv rating* (a measure of companies' Esg performance) show a correlation with some of the main characteristics of companies (such as *performance*, volatility, liquidity, leverage, capitalization, *price to book value* or *price on earnings*). The *focus* shows that the group of companies with the highest sustainability score are those with higher liquidity and capitalization, while there are no significant differences between the two groups in terms of performance, volatility and market valuations.

Rome, 20 November 2023